

T+2 Legal & Regulatory Working Group (LRWG) Agenda

Thursday October 27, 2016 - 11:00 AM ET (8:00 AM PT)

1. Approval of the September 21, 2016 meeting minutes¹ Jamie Anderson
2. Matters arising from the September 21, 2016 meeting minutes
 - MFDA - T+2 preparedness questions (in addition to settlement date on trade confirmations)
3. Update from T2SC meetings: September 22 & October 26, 2016 Jamie Anderson
 - UST2
 - NI 24-101 (comments due Nov. 16, 2016)²
 - Industry Readiness & Attestation

4. Review of Open Issues

(a) SROs	IIROC - member rules (#024); UMIR (#054) – comment period ended October 26, 2016³	Answerd Ramcharan
(b) National Instruments	NI 81-102 Investment Funds s. 9, s. 10 (#004)	Charles Wang
	NI 81-104 - Commodity Pools s. 6.3 (#014) - Update re: letter to Investment Funds Branch	Charles Wang
(c) Insurance	Segregated Funds CLHIA Guideline (#007) - Update re: letter from CLHIA confirmation in writing	Charles Wang

5. Issues to recommend to T2SC for closure Jamie Anderson
6. Other Business
7. Next Meeting – Tuesday November 22, 2016 @ 11am

Conference Details

Local Dial-in (416) 933-8665 Toll-free Dial-in: 1-888-402-9166 **Conference ID:** 7312646#

¹ <http://ccma-acmc.ca/en/wp-content/uploads/LRWG-MeetingPackage-2016-September-21.pdf>

² http://www.osc.gov.on.ca/documents/en/Securities-Category2-Comments/SecuritiesLaw_csa_20160818_24-101_proposed-amendments.pdf

³ http://www.osc.gov.on.ca/documents/en/Marketplaces/iiroc_20160728_iiroc-notice-16-0177.pdf

DRAFT Minutes Pending LRWG Approval
Wednesday September 21, 2016 - 11:00 AM ET (8:00 AM PT)

Jamie Anderson welcomed all to the LRWG meeting. A role call was taken and the attendees are listed at the end of the minutes.

1. Approval of the August 24, 2016 meeting minutes⁴

Jamie Anderson

The minutes were approved.

2. Matters arising from the August 24, 2016 meeting minutes

There were no matters arising from the previous meeting's minutes.

3. Update from T2SC meeting August 25, 2016

Jamie Anderson

US Industry Steering Committee update: The Test Plan had recently been issued for review; the US Asset List is under final review and should be issued shortly. DTCC will be hosting a T+2 forum in New York on October 28. SEC fully supportive of making all necessary rule changes in time for the transition to T+2 in September 2017.

The final Asset List for Canada has been posted on the CCMA website.

OTC transactions that currently settle on a T+3 basis would transition to T+2 along with all exchange transactions. While most 'regular' transactions would settle on the default date for the security type (generally T+2), transactions could settle on other settlement dates, provided that both parties to the trade agreed. This is the same as today, where some transactions don't settle on the "regular" settlement date and may be dependent on specific terms required by the buyer or seller.

A draft list of organizations that will be asked, by CCMA, to attest to their T+2 readiness was sent to the T2SC. T2SC will discuss at its next meeting. Likewise for the draft attestation. As T+2 is an industry initiative, it would be expected that each entity would have an interest in providing assurance that it has undertaken the necessary steps to be ready for T+2. It was noted that various entities such as CDS and Fundserv would have an attestation process for their clients as well.

In terms of obtaining the attestations, the testing window for CDS is April to May 2017, Fundserv is May to June 2017, DTCC is March to August so CCMA may look to a late July 2017 certification period.

⁴ <http://ccma-acmc.ca/en/wp-content/uploads/LRWG-MeetingPackage-2016-August-24.pdf>

The intent of the attestation is **not** to obtain a legally binding certification with recourse.

NI 24-101 changes have been published for a 90-day public comment period. The comments are due by November 16 2016. The CSA proposed T+2 amendments reflect the changes as suggested by the LRWG. There is also a change impacting CDS's Form 2 (confirming that ETF security trades are to be included in the CDS reporting of matching statistics). Jamie noted that there are also non-T+2 amendments proposed. These would impact matching service utilities. Specifically, the requirement for a MSU to submit an audit plan for systems has been changed to an independent systems review (Form 24-101F3, Exhibit O). Furthermore, the independent party that would perform the ISR could be an external audit firm, third party information system consultants, or some other qualified party.

Jamie also reported that the CSA had also issued a companion consultation paper that is intended to solicit input on the overall settlement process. He said that this will not impact the implementation of T+2, and is focused on the overall trade fails within Canada.

Issue Logs 18, 19, 40 (re: ICE); 28 (re: GICs); and 22 and 44 (re: Nodal Exchange and Nodal Clear) were closed by the T2SC.

4. Review of Open Issues

(a) National Instruments

NI 81-102 *Investment Funds* s. 9, s. 10 (#004) &

Charles Wang

NI 81-104 *Commodity Pools* (#014)

Charles reported that the IFIC letter to be sent to the Investments Funds branch of the CSA is still pending. There are some other non-T+2 IFIC priorities that have diverted attention on this matter. The expectation is that the letter will be sent early October 2016. It was noted that there are no new issues being raised in the letter; the LRWG has identified all of the potential amendments to the National Instruments. It is expected that a 90-day request for comments notice would be issued.

(b) Insurance

Segregated Funds CLHIA Guideline (#007)

Charles Wang

Charles advised that the MFWG meeting scheduled for September 20 was cancelled so he did not have an update. Charles will get in touch with Peter Goldthorpe of the CLHIA directly if a MFWG

meeting is not held before the next LRWG meeting. It was previously reported that Peter had advised that a formal letter will be drafted advising no changes are required.

(c) National Instruments

NI 24-101 Request for Comments

Max Paré

Max noted that the previous meeting minutes were fairly comprehensive in providing an overview of the proposed changes to NI 24-101. The 24-101 T+2 changes are fairly straightforward. The comment period ends November 16, 2016.

There is also a consultation paper (Staff Notice 24-402) regarding the adequacy of the current settlement discipline regime in Canada. There would not be any regulatory action flowing from the consultation paper, rather depending on comments received, a subsequent request for comment would be issued with more precise proposals.

Keith advised that at a minimum, the CCMA would be writing a comment letter supporting the NI 24-101 proposed amendments. At the September 20th OWG, there was a discussion regarding the industry reporting. As the transition to T+2 falls in the middle of a calendar quarter, there was unanimous support at the OWG to recommend delaying the reporting until the start of the subsequent calendar quarter (October 1, 2017). CCMA has been asked to include that in the comment letter. The draft letter would be provided to both the OWG and the T2SC in October.

The IIAC is looking at forming a working group to address Staff Notice 24-402.

5. Issues completed to report to T2SC for approval

Jamie Anderson

There were no issues completed to report.

6. Other Business

As noted in the T2SC update, there is a draft attestation and a draft list of attestors under review for Canada. In the U.S., the ISC decided that it would no longer proceed with a formal attestation. DTCC is questioning whether to proceed with an attestation. The U.S. is instead looking at doing a series of short surveys.

It was questioned how a series of surveys would help in a go/no-go decision.

Keith advised that he had emailed the DTCC T+2 Forum agenda to all of the CCMA working group members. Go/no-go is an agenda item.

Answerd reported that IIROC will be monitoring dealer member readiness by asking T+2 preparedness questions during routine examinations conducted from now up to T+2 implementation.

Charles committed to ask the MFDA if it would likewise be asking T+2 preparedness questions to its members (it was noted that the MFDA will be checking for readiness regarding trade confirmations).

7. Next Meeting – Thursday October 27, 2016 @ 11am

Jamie thanked everyone for their attendance and input. The meeting was then adjourned.

List of Attendees

Aequitas	Cindy Petlock
CCMA	Barb Amsden
CCMA	Jamie Anderson (Chair)
CCMA	Keith Evans
CGI	Margaret Stephens
CGI	Dave Locke
CIBC	Terry Moore
CIBC	Julia Tomson
CIBC Mellon	Carol Revoredo
Fidelity	Joanne Taylor
First Asset (CEFTA)	Ted Kelterborn
IFIC	Charles Wang
IIROC	Answerd Ramcharan
Instinet	Leo Drori
Liquidnet	Al Kovacs
Morgan Stanley	Brian Choy
Nasdaq CXC	Matt Thompson
Northern Trust	Scott Kelly
OSC	Max Paré
RBC	Pina Teti
TD	Rob Candido
TD	Sasi Chacko

